

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: <u>District Court Funds of District No. 20, Dearborn Heights,</u> <u>Michigan</u>	County Wayne
Audit Date June 30, 2004	Opinion Date October 13, 2004	Date Accountant Report Submitted To State: December 9, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature <i>Plante & Moran, PLLC</i>			

District Court Funds of District No. 20 Dearborn Heights, Michigan

**Financial Report
with Supplemental Information
June 30, 2004**

District Court Funds of District No. 20 Dearborn Heights, Michigan

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Independent Auditor's Report

To Honorable District Judges
Leo K. Foran and
Mark J. Plawecki
District Court No. 20
Dearborn Heights, Michigan

We have audited the balance sheet of the District Court Funds of District No. 20, Dearborn Heights, Michigan as of June 30, 2004. This financial statement is the responsibility of the District Court Funds of District No. 20, Dearborn Heights, Michigan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of the District Court Funds of District No. 20, Dearborn Heights, Michigan as of June 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the balance sheet. The accompanying supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis, and is not a required part of the balance sheet. The supplemental information has been subject to the auditing procedures applied in the audit of the balance sheet and, in our opinion, is fairly stated in all material respects in relation to the balance sheet taken as a whole.

The accompanying balance sheet does not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the balance sheet.

Plante & Moran, PLLC

October 13, 2004

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District Court Funds of District No. 20

Dearborn Heights, Michigan

Balance Sheet
June 30, 2004

	Depository Accounts	Bond Account
Assets - Cash in bank (Note 2)	<u>\$ 293,898</u>	<u>\$ 92,558</u>
Liabilities		
Due to:		
City of Dearborn Heights	\$ 182,728	\$ -
State of Michigan	74,064	-
Wayne County	680	-
Bond deposits	-	92,558
Clearance card deposits	12,075	-
Other	<u>24,351</u>	<u>-</u>
Total liabilities	<u>\$ 293,898</u>	<u>\$ 92,558</u>

District Court Funds of District No. 20 Dearborn Heights, Michigan

**Notes to Financial Statement
June 30, 2004**

Note 1 - Significant Accounting Policies

The funds of District Court No. 20 (the "District Court") are Trust and Agency Funds. The financial activities of the funds are limited to collection of amounts that are subsequently returned or paid to third parties. Accordingly, the operations of the funds are limited to cash transactions.

Note 2 - Cash in Bank

Cash reflected on the balance sheet at June 30, 2004 consists of bank deposits on hand totaling \$386,456. These deposits were reflected in the accounts of the bank (without recognition of deposits in transit and outstanding checks) at \$370,568. Of that amount, \$100,000 was covered by federal depository insurance.

The District Court believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the District Court evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Court Operations

The costs relating to the operation of the District Court (including risk management) are a budgeted item of the City of Dearborn Heights, Michigan Corporate Fund and, accordingly, such costs are paid by the Corporate Fund.

The District Court is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District Court has purchased commercial insurance for medical claims, and participates in the Michigan Municipal Risk Management Authority for claims relating to general and auto liability, auto physical damage, and property loss claims; the District Court is uninsured for workers' compensation claims within certain limits. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the District Court.

Supplemental Information

District Court Funds of District No. 20

Dearborn Heights, Michigan

Supplemental Information

Schedule of Cash Receipts and Disbursements

Year Ended June 30, 2004

	Depository Accounts	Bond Account
Cash Balance - July 1, 2003	\$ 344,810	\$ 81,595
Receipts		
Fines and fees	3,566,498	-
Bonds posted	-	519,586
Judgments	19,850	10,785
Total receipts	3,586,348	530,371
Disbursements		
Transfers:		
District control unit	2,534,642	-
State of Michigan (including judges' retirement payments)	1,007,659	-
County of Wayne	6,020	-
Bond refunds	-	508,623
Refunds and other	25,189	-
Judgments	-	10,785
Clearance card fees	63,750	-
Total disbursements	3,637,260	519,408
Cash Balance - June 30, 2004	\$ 293,898	\$ 92,558